

The Report of the Task Force
In Response
To Executive Order MJF 02-12

Presented by:

**Advisory Task Force on Funding and Efficiency of the Louisiana
Department of Environmental Quality**

March 1, 2003

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Executive Order MJF 02-12

Advisory Task Force on Funding and Efficiency of the Louisiana Department of Environmental Quality

WHEREAS, Article X, Section 1, of the Louisiana Constitution of 1974, as amended, mandates that "[t]he natural resources of the state, including air and water, and the healthful, scenic, historic, and esthetic quality of the environment shall be protected, conserved, and replenished insofar as possible and consistent with the health, safety, and welfare of the people"; and

WHEREAS, the Louisiana Department of Environmental Quality (hereafter "Department") is the primary state agency charged with environmental protection, the best interests of the citizens of the state of Louisiana will be served by creating an advisory task force to review the funding structure of the Department, the Department's funding sources, the allocation of the funds among the Department's regulatory programs, the costs-benefits of the regulatory programs that have state mandated standards which exceed those required by federal law, and the effectiveness of the Department's reporting, monitoring, permitting, and enforcement programs, and to make recommendations regarding any of the foregoing;

NOW THEREFORE, I, M.J. "MIKE" FOSTER, JR., Governor of the state of Louisiana, by virtue of the authority vested by the Constitution and laws of the state of Louisiana, do hereby order and direct as follows:

SECTION 1: The Advisory Task Force on Funding and Efficiency of the Louisiana Department of Environmental Quality (hereafter "Task Force") is established within the executive department, Office of the Governor.

SECTION 2: The duties of the Task Force shall include, but are not limited to, the following:

1. evaluating the funding structure of the Louisiana Department of Environmental Quality including, but not limited to, fees, fines, penalties, assessments, collections, federal funds, and state general fund appropriations; objectively comparing the funding structure of the Louisiana Department of Environmental Quality to the environmental departments of other states; and recommending an appropriate allocation of funds and funding structure for the Louisiana Department of Environmental Quality which balances the resource needs of the state of Louisiana and the department with the public trust mandates of the Louisiana Constitution of 1974 on environmental protection and the concerns of regulated businesses and industries;
2. analyzing the efficiency and effectiveness of the Louisiana Department of Environmental Quality's programs and functions including, but not limited to, permitting, monitoring, and enforcement; and, where appropriate, recommending measures to improve the efficiency and/or effectiveness of such programs and/or functions; and
3. identifying, evaluating, and recommending appropriate funding sources for the regulatory programs of the Louisiana Department of Environmental Quality that have state mandated standards which exceed those required by federal law.

SECTION 3: By March 1, 2003, the Task Force shall submit a final report to the governor on the issues set forth in Section 2 of this Order. A preliminary report on the issues, which includes draft legislation that may be appropriate, shall be submitted to the governor no later than December 31, 2002.

SECTION 4: The Task Force shall be composed of a maximum of twenty-nine (29) members who, unless otherwise specified, shall be appointed by and serve at the pleasure of the governor. The membership of the Task Force shall be selected as follows:

1. the governor, or the governor's designee;
2. the secretary of the Louisiana Department of Environmental Quality, or the secretary's designee;
3. the president of the Louisiana Senate, or the president's designee;
4. the speaker of the Louisiana House of Representatives, or the speaker's designee;
5. the director of the Petro Chemical and Environmental Technology Cluster of the Department of Economic Development, or the director's designee;
6. the chair of the Governor's Task Force on Environmental Protection and Preservation;
7. the chair of the House Committee on the Environment, or the chair's designee;
8. the chair of the Senate Committee on Environmental Quality, or the chair's designee;
9. the legislative auditor, or the legislative auditor's designee;
10. a representative of the Louisiana Association of Business and Industry;
11. a representative of the Louisiana Environmental Action Network;
12. a representative of the Louisiana Farm Bureau Association;
13. a representative of the Louisiana Forestry Association;
14. a representative of the Louisiana Independent Oil and Gas Association;
15. a representative of the Louisiana Municipal Association;
16. a representative of the League of Women Voters;
17. a representative of the Louisiana Nature Conservancy;
18. a representative of the Louisiana Police Jury Association;
19. a representative of the Public Affairs Research Council;
20. a representative of the Louisiana Electric Utility Association;
21. a representative of the Louisiana Pulp and Paper Association;
22. a representative of the Council for a Better Louisiana;
23. a representative of the Alliance for Affordable Energy;
24. a representative of the Coalition to Restore Coastal Louisiana;
25. a representative of the Louisiana Chemical Association;
26. a representative of the Midcontinent Oil and Gas Association;
27. a representative of the Louisiana Wildlife Federation; and
28. two (2) members at-large.

SECTION 5: The chair of the Task Force shall be appointed by the governor from the membership for the Task Force. All other officers, if any, shall be elected by and from the membership of the Task Force.

SECTION 6: The Task Force shall meet at regularly scheduled intervals and at the call of the chair.

SECTION 7:

A. Task Force members shall not receive additional compensation or a per diem from the Office of the Governor for serving on the Task Force.

1. Task Force members who are an employee or an elected public official of the state of Louisiana or a political subdivision of the state of Louisiana may seek reimbursement of travel expenses, in accordance with PPM 49, from their employing and/or elected department, agency and/or office.

2. Task Force members who are also a member of the Louisiana Legislature may seek a per diem from the Louisiana Senate or House of Representatives, as appropriate, for their attendance at Task Force meetings and/or services on the Task Force.

SECTION 8: Support staff, facilities, and resources for the Task Force shall be provided by the Louisiana Department of Environmental Quality.

SECTION 9: All departments, commissions, boards, agencies, and officers of the state, or any political subdivision thereof, are authorized and directed to cooperate with the Task Force in implementing the provisions of this Order.

SECTION 10: This Order is effective upon signature and shall continue in effect until amended, modified, terminated, or rescinded by the governor, or terminated by operation of law.

IN WITNESS WHEREOF, I have set my hand officially and caused to be affixed the Great Seal of Louisiana, at the Capitol, in the city of Baton Rouge, on this 21st day of June, 2002.

M.J. "Mike" Foster, Jr.
Governor

ATTEST BY
THE GOVERNOR
Fox McKeithen
Secretary of State

Task Force Committees

FUNDING	EFFICIENCY/EFFECTIVENESS
Bickham, Thomas	Bond, Brian
Bourgeois, Carroll	Wilkens, Jim
Brandt, Jim	Fontenot, Heulette “Clo”
Burroughs, David - Chair	Graham, David
Cain, James David	Nicholas J. Altiero
Damico, N. J.	Groesch, Gary, Micah Walker
Dodds, Barbara	Harrell, Ron
Durrett, Richard	Perkins, Will
Metcalf, Richard	Jarrell, Melanie
Reilly, Sean	Martin, Richard
Stewart, Byron	Miller, Paul - Chair
Taylor, Mike	Orr, Marylee
Vandersteen, C. A. “Buck”	Wascom, Kathy – Co-chair
	Wooton, Ernest
Guidry, George – Ex-Officio	Guidry, George – Ex-Officio
Marchand, Jim – Ex-Officio	Marchand, Jim – Ex-Officio

Introduction

The Governor's Task Force on Funding and Efficiency of the Louisiana Department of Environmental Quality was established by Executive Order 2002 – 12 on June 21, 2002. Made up of 29 members, it represented industry, the environmental community, public affairs groups, and government. George Guidry served as chairman. The executive order requested that the task force study and make recommendations on the funding structure of the Louisiana Department of Environmental Quality, analyze the department's efficiency and effectiveness in permitting, monitoring and enforcement and review state mandated standards that exceed those required by federal law. The task force's first meeting was held on August 8, 2002 and the task force met approximately every two weeks since that time. The task force presented a draft of this report to the Governor around December 31, 2002.

Due to the large number of issues to be studied from August until December 2002, the task force formed two subcommittees: one to study the funding issues and one to study the efficiency and effectiveness issues. David Burroughs, an at-large appointee from Shreveport, chaired the funding subcommittee. Paul Miller from Alexandria, the representative for the Louisiana Association of Business and Industry, chaired the efficiency subcommittee. Kathy Wascom, representing the Louisiana Wildlife Federation, served as the vice-chairperson. Once all information was gathered on the major issues, the subcommittees formed smaller workgroups for drafting

recommendations. Deliberate attempts were made for both subcommittees and workgroups to be manned with a diversity of interests, backgrounds and knowledge on the issue. In addition to the designated appointee, DEQ provided significant information and staff resources to assist the sub-committees in their efforts.

This report captures the research work performed by both subcommittees in an attempt to highlight the major issues, most of which were unanimously approved, through recommendations. Those not unanimously agreed upon are noted and the substance of the objection included. Additional funding and efficiency issues studied and discussed but not acted upon are also included in the addendum of this report.

After the completion of the Draft Report, a committee chaired by Richard Metcalf, representing the Louisiana Mid-Continent Oil and Gas Association, was formed to review DEQ programs which go beyond Federal Requirements. This committee prepared a preliminary list of state programs which were deemed to exceed federal requirements. The full Task Force and DEQ Staff did not have time to adequately digest the information provided or to make substantive recommendations regarding those programs deemed to exceed federal requirements. The list was presented at the January 23, 2003, and reviewed at the February 6, 2003, and the February 20, 2003, Task Force meetings.

The Task Force recommends that the Governor forward this report to the Department of Environmental Quality. Furthermore, the Task Force recommends that the department

continue to work with all interested parties as represented on the Task Force. The Task Force offers its assistance to the Governor in his discussion of the recommendations with the Secretary of the DEQ. The Task Force strongly encourages the Governor to support legislation suggested by the task force as a necessary first step in ensuring that DEQ is an effective regulatory agency that upholds its constitutional mandates.

The task force believes that given the time frame for this commission, the group could only begin to discover the areas which could benefit from such a team of research, development and presentation of improvements. With such time constraints employee morale, departmental management, and other internal human resources issues were not sufficiently researched. In order to be productive, the task force agreed to focus on processes and procedures and not manpower resources driving those processes.

The Task Force is confident that the recommendations, when implemented, will begin to address the issues raised in the Executive Order and assist the Louisiana Department of Environmental Quality in performing its constitutional duties.

Efficiency and Effectiveness

Recommendation E-01. Authorize field investigators to write citations in the field.

In order to increase enforcement efficiency, it is recommended that DEQ consider a field citation program for minor violations.

A field citation program format should:

- a. Include an option to pay the citation or utilize the current appeals process;
- b. Address minor violations such as solid waste violations, minor spills, underground storage tanks, and minor unauthorized releases;
- c. Create a pilot program with a training program; and,
- d. Develop regulations and a schedule for implementation with the assistance of a workgroup.

Reason for Recommendation

Currently, surveillance field staff can issue an “area of concern” notice that is then forwarded through the enforcement review system. This review process may take from 30 –180 days, which reduces the effectiveness of the action, utilizes unnecessary resources, and slows down the enforcement process. A citation process would address a large number of minor enforcement issues encountered by enforcement staff.

Action

Legislation may be needed to implement this recommendation.

NOTE: There was a concern regarding this recommendation. The grounds for concern are 1. The potential for the dilution of inspector resources since they become a mandatory participant in the appeals process, 2. The potential for external pressure to be placed on an inspector to issue or not issue a citation, 3. The adequacy of personnel training and the significant time and resources needed to provide such training, 4. An expressed concern by some inspectors about the impact of the requirement to fully exercise their responsibilities during site inspections.

Recommendation E-02. Change the Department of Environmental Quality's requirement to annually inspect facilities to be more effective.

It is recommended that the department review the current annual monitoring inspection requirements that are set out in the Environmental Code and develop a more effective and efficient process. The department should consider a variety of monitoring tools available to it in order to improve the inspection process. These tools should include a targeting program that contains the following criteria:

- Facility compliance history;
- Location of facility;
- Potential environmental impact;
- Operational practices;
- EPA Grant requirements; and,
- Other relevant environmental, health, or enforcement factors.

Reason for Recommendation

The current statutes require that DEQ inspect all facilities operating with a permit at least once a year. A strategy should be developed to more effectively monitor those facilities that need to be monitored annually and to develop an appropriate monitoring schedule for other facilities.

Action

Legislation will be needed to implement this recommendation.

Recommendation E-03a. Deny preferential tax treatment to parties who enter into Beneficial Environmental Projects.

The task force recommends that DEQ and the Louisiana Department of Economic Development work together to ensure that parties are not granted LDED tax incentive contracts for funds expended for satisfying BEPs resulting from environmental violations.

Reason for Recommendation

Current law provides that any amounts paid by a violator for a beneficial environmental project (BEP) in lieu of a fine shall be treated as a civil penalty. In general this precludes the violator from getting tax benefits from those funds expended for the BEP. If the policy of the state is to refuse all tax benefits related to the BEP, then LDED should have a mechanism for ensuring that persons that enter into BEPs for environmental violations do not get preferential tax benefits associated with the BEP.

Action

The Departments should establish a plan to accomplish this.

Recommendation E-03b. Improve work processes for granting Beneficial Environmental Projects.

The task force recommends that DEQ should develop a written and formal procedure for Beneficial Environmental Projects as part of negotiated settlements. The procedure should allow BEPs submitted by affected communities to be considered. The process should also ensure that the public has input during the process between DEQ and the entity found to be in violation.

Reason for Recommendation

There is no formal process for an application or approval of BEPs. The current process is a negotiated settlement process that is not open to public input or timely public notice.

Action

The Department establish Rulemaking to accomplish this.

Recommendation E-04. DEQ should improve its permitting process and reduce the time to receive a permit.

The task force recommends that DEQ take the following actions to improve its permit process:

Application Preparation and Submittal

The department should:

- Improve its entry process by minimizing redundancy and utilizing standardization;
- Perform a baseline study to determine the historical permit cycle time for permits of the major types over the past five years. LDEQ should seek to improve (shorten) cycle time by identifying the specific causes of delay and correcting those issues while protecting the public interest. LDEQ should set an attainable cycle time target for each type of permit and continue to identify and correct issues that result in unnecessary delays and/or cycle times beyond the target. Long term, LDEQ should continue this process improvement effort to remove strategic disadvantages to economic development in our state;
- Strive for software compatibility between DEQ and applicants;
- Tailor permit applications to source complexity and information needs; and,
- Determine methods for handling domestic and de minimis emissions.

Processing of Application(s)

The department should:

- Continue the development of uniform permit requirements through the department's software system (TEMPO);
- Tailor the permit process to size and complexity of the applicant facility by utilizing registrations, licenses, general permits, and standardized individual permits;
- Delegate the authority to make decisions on certain permits to appropriately trained personnel. Request legislation to allow additional delegation authority in appropriate areas; and,
- Expedite approval of projects that reduce emissions and require no credit banking.

Information Accessibility

The department should:

- Improve accessibility of draft and final permits to public and regulated community;
- Make DEQ's internal permit tracking process available to the public;
- Publish proposed and final permits on website;
- Investigate use of online applications for certain permits, licenses, or registrations; and,
- Recognize security concerns of regulated persons whose data may be accessible online.

Reason for Recommendation

The permitting process is overly lengthy, inefficiently utilizes available resources, and has contributed to the backlog of minor and major permit actions.

NOTE: Objections to this recommendation as written include that it does not guarantee sufficient improvements in efficiency of the permit process or a time certain within which a permit should be issued

Action

Legislation and Intra-agency policies may be needed to implement this recommendation.

Recommendation E-05. Improvement of “IT” Guidelines and Process

The task force recommends that:

- Requirements for IT responses be consolidated in a central location to avoid confusion;
- DEQ develop a permitting information sheet to assist in the IT process and requirements;
- IT guidance classes be offered on routine basis to employees, public, and consultants; and,
- DEQ utilize an expert economist peer review to review economic projections of IT responses.

Reason for Recommendation

The department’s process in administering the IT decision requirements results in confusion and delays in the permitting process. Regulators, environmentalists, and regulated industries need a clear understanding of information needed for the type of activity being permitted.

Action

The Department establish a plan to accomplish this.

Recommendation E-06. Improve Access to Information

The task force recommends that DEQ:

- Determine what is appropriate and useful information for its website;
- Develop a user-friendly interface that allows regulated industry and the public to submit questions and acquire information electronically;
- Publish a guideline document to assist in the acquisition of available information;
- Should develop its TEMPO software to be user friendly and allow submission of data files electronically;
- Develop electronic signature capability, and allow public records requests to be submitted electronically;
- Minimize disruption of services and loss of features of the computer servers during the relocation of the Department; and,
- Provide adequate safeguards to confidential information.

Reasons for recommendation

Public access to information is difficult and inadequate. Information must be requested in person and requires a “Public Records Request” for each piece of information. Public is unable to discuss particulars of permit request with knowledgeable persons. Public forums should be held to inform persons without electronic capabilities.

Action

The Department establish rulemaking and Intra-agency policies to accomplish this.

Funding

Recommendation F-01. General Funds for FY 2003-04

The task force recommend that general funds be appropriated in the amount of at least \$14,000,000. for FY 2003-04.

Reason for recommendation

Even with a current general fund contribution of \$7.5 million and recently enacted increases in fees, DEQ projects a deficit of \$6.7 million. This is due in part to the reduction of the Environmental Trust Fund since 1996. Funding sources to the ETF have remained steady or decreased since 1993, while the expenses of the department have increased. Other sources of income to the department other than ETF and federal funds have also remained steady or decreased. Expenses have increased due to new responsibilities being added by state and federal laws and general increases such as salaries and benefits. The move to the Galvez Building and the new laboratory in 2003 will increase DEQ's annual rental by \$6.7 million.

NOTE: There were objections to this recommendation, as well as F-02 below. The grounds for the objections were 1) that no guarantees of increased efficiency or effectiveness is required to justify the increase in funds and 2) that no general fund money should be used until there is a marked and visible improvement in the environment.

Action

General funds for this purpose should be provided in the appropriations bill.

Recommendation F–02. General funds for years beyond FY 2003-04

The task force recommends that general funds should be provided to DEQ for years subsequent to FY 2003-04 to meet projected budgetary requirements. Based on current revenues and anticipated expenditures these projected amounts range as follows:

DEFICIT	GENERAL FUND AMOUNT
2005 - \$14,500,000	\$22,000,000
2006 - \$16,000,000	\$23,500,000
2007 - \$17,400,000	\$24,900,000

Reason for Recommendation

The move to the Galvez Building and the new laboratory in 2003 will increase DEQ's annual rental by \$6.7 million. With an increase in annual information technology costs of \$700,000, the total increase will be \$7.4 million dollars.

Action

General funds for this purpose should be provided in the appropriations bill.

Recommendation F–03. Collect fees for all services rendered

The task force recommends that DEQ assess appropriate fees for any application submittal, permit modification request, registration, or other certification activities it performs.

Reason for Recommendation

DEQ does not charge fees for many of its activities even though some may require significant resources to accomplish. As a result, these activities are subsidized by other fees and funds. Examples of these activities are general water permits, discharge permits from UST site remediation activities, and name change modifications. In addition, some fees charged at this time do not cover the costs of rendering the services and many permit renewals have no fees associated with the work done to review and renew those permits. If DEQ is to rely on self-generated funds to meet its mandates, it must be able to charge fees for all of its activities.

Action

Legislation and rulemaking will be required.

Recommendation F–04. Costs and requirements of “special” trust funds.

The task force recommends that DEQ review all of its trust funds annually in order to assure that they meet program requirements and cover the actual costs of the program and DEQ’s costs in administering those programs.

Reason for Recommendation

Funding sources for programs administered by DEQ should be adequate to meet the requirements of the program and the cost of the department to administer those programs. These trust funds include the Hazardous Waste Site Cleanup Fund, the Motor Fuels Trust Fund, and the Waste Tire Fund.

Action

Any recommendations for changes should be submitted to Governor’s office with annual budget request.

Recommendation F–05. Identification of source categories not covered by permits or fees.

The task force recommends that DEQ identify sources that are subject to permits or fees and capture them under existing regulations. Fees should be assessed as soon as the source is identified.

Reason for Recommendation

This review should be completed in order to ensure that DEQ has captured all entities that are subject to existing regulations.

Action

The Department should pursue this activity through Intra-agency action.

Recommendation F–06. Fees for name and ownership change

The task force recommends that DEQ adjust fee amounts for name and ownership changes to equitably reflect required oversight requirements mandated by statute.

Reason for Recommendation

The fees charged for these activities should reflect the services rendered. Investigation of new owners is required by statute and fees should reflect the necessary effort to accomplish this.

Action

Legislation, rulemaking or Intra-agency policy may be needed to implement this.

Recommendation F–07. Improve efficiency in collecting fees.

The task force recommends that DEQ investigate its fee collection process to determine whether processing and collecting fees cover their transactional costs.

Reason for Recommendation

There may be some fees that cost more to collect than they yield in revenues.

Action

The Department should develop Intra-agency policy to assure adequate fees cover the process including transactional costs.

Recommendation F–08. Consolidation of fees.

The task force recommends that DEQ consolidate all annual fees into the least number of invoices practical.

Reason for Recommendation

There are presently eight media based fees that are assessed at different times of the year. This unnecessarily expends the resources of DEQ and the regulated community to deal with individual invoices.

Action

The Department pursue consolidation of fees.

Recommendation F–09. Long term fee restructuring

The task force recommends that DEQ consider long-term changes for category permit fees to cover actual oversight costs associated with management of the program.

Reason for Recommendation

Fees should be restructured to cover the costs of programs and method of fee assessment standardized across different media. This will assure both adequacy of fees as well as equity for those who are assessed fees.

Action

The Department implement Intra-agency policy to ensure long-term improvements to its fee structure.

Recommendation F-10. Reduce dependence on fees based on emissions.

The task force recommends that DEQ amend their fee schedule to reduce or eliminate fees based on dollars per emission unit released.

Reason for Recommendation

Two fees (TEDI and Criteria Pollutant) that are based on actual amounts of emissions released. As emissions decrease, the fees have decreased while workload levels have not decreased to the same extent.

Action

The Department should explore a long-term plan to address this.

Recommendation F–11. Contract out lab services.

The task force recommends that DEQ consider contracting out lab services when cost-effective, while maintaining those services that are critical and necessary for proper oversight.

Reason for Recommendation

The department should determine whether some lab services can be provided by a private contractor in a more cost-effective and responsive manner that will not compromise data quality or integrity.

Action

The Department should pursue this activity through Intra-agency action.

Recommendation F-12. Use credit cards for fees and other assessments.

The task force recommends that the Department use credit cards for payment of fees, penalties, and other assessments and charge a surcharge for providing the service.

Reason for Recommendation

The use of credit cards would speed up payments to DEQ and would reduce the resources of both the department and regulated community in payments to the department.

Action

The Department should implement this.

Recommendation F-13. Return the drinking water revolving loan program to DHH.

The task force recommends that the department consolidate the drinking water revolving loan program with the remainder of the drinking water program at DHH.

Reason for Recommendation

The accounting for the drinking water revolving loan program was assigned to DEQ in 1998 because they had a similar accounting system for the Municipal Facilities Revolving Loan Program. DEQ does not have input into allocation of the funds or technical expertise, which resides with DHH.

Action

The Department should enter into discussion with DHH and potential legislation should be considered.

Recommendation F-14. Move the Litter Program from DEQ to the Office of Lt. Governor. – Not to be included.

The Task Force abandoned this recommendation.

Recommendation F-15. Collection of penalties for late/delinquent fees.

The task force recommends that the department establish a process by July 1, 2003 to access late charges on delinquent payments.

Reason for Recommendation

The Department is working on this process which is now possible because of its new computer system. This penalty process would encourage timely payment of fees.

Action

The Department monitor and complete this task.

Recommendation F-16. Develop contingency plan for budget shortfalls.

The Task Force recommends that DEQ develop contingency plans for programs to be refocused or eliminated if funding shortfalls are experienced.

Reason for Recommendation

If the recommendations submitted by the task force are not adopted and if the Department is not funded sufficiently to support all programs that it is currently administering, it should prepare reasonable plans for refocusing or eliminating plans while preserving its ability to meet its mission.

Action

The Department should include this in their strategic planning.

Recommendation F-17. Seek additional federal funding for mandated programs.

The task force recommends that the governor and legislature should petition the President, the Administrator of EPA, and the Louisiana Congressional delegation to change the allocation method for federal funds from one based on population to one based on potential environmental impact and regulatory needs. Louisiana based industry, environmental, and citizen groups should contact the congressional delegation and national associations regarding federal funding for federally mandated programs.

Reason for Recommendation

DEQ receives approximately \$10.9 million (7.5%) of its budget from the federal government for administering programs that cost much more to administer. This allocation is based on population and does not take into consideration the concentration and type of industry in the state or the potential environmental impacts of that industry.

Action

Seek additional federal funding for mandated programs.

Actions List

Recommendation E-01. Authorize field investigators to write citations in the field.

Action - Legislation may be needed to implement this recommendation.

Recommendation E-02. Change the Department of Environmental Quality's requirement to annually inspect facilities to be more effective.

Action - Legislation will be needed to implement this recommendation.

Recommendation E-03a. Deny preferential tax treatment associated with Beneficial Environmental Projects to parties who enter into Beneficial Environmental Projects.

Action – DEQ and the Department of Economic Development should establish a plan to accomplish this.

Recommendation E-03b. Improve work processes for granting Beneficial Environmental Projects.

Action - The Department establish Rulemaking to accomplish this.

Recommendation E4. Improve permitting process and reduce the time to review a permit application.

Action - Legislation and Intra-agency policies may be needed to implement this recommendation.

Recommendation E-05. Improvement of "IT" Guidelines and Process

Action - The Department establish a plan to accomplish this.

Recommendation E-6. Improve Access to Information

Action - The Department establish rulemaking and Intra-agency policies to accomplish this.

Recommendation F-01. General Funds for FY 2003-04

Action - General funds for this purpose should be provided in the appropriations bill.

Recommendation F-02. General funds for years beyond FY 2003-04

Action - General funds for this purpose should be provided in the appropriations bill.

Recommendation F-03. Collect fees for all services rendered

Action - Legislation and rulemaking will be required.

Recommendation F-04. Costs and requirements of “special” trust funds.

Action - Any recommendations for changes should be submitted to Governor’s office with annual budget request.

Recommendation F-05. Identification of source categories not covered by permits or fees.

Action - The Department should pursue this activity through Intra-agency action.

Recommendation F-06. Fees for name and ownership change

Action - Legislation, rulemaking or Intra-agency policy may be needed to implement this.

Recommendation F-07. Improve efficiency in collecting fees.

Action - The Department should develop Intra-agency policy to assure adequate fees cover the process including transactional costs.

Recommendation F-08. Consolidation of fees.

Action - The Department continue to pursue consolidation of fees.

Recommendation F-09. Long term fee restructuring

Action - The Department implement Intra-agency policy to ensure long-term improvements to its fee structure.

Recommendation F-10. Reduce dependence on fees based on emissions.

Action - The Department should explore a long-term plan to address this.

Recommendation F-11. Contract out lab services.

Action - The Department should pursue this activity through Intra-agency action.

Recommendation F-12. Use credit cards for fees and other assessments.

Action - The Department should implement this.

Recommendation F-13. Return the drinking water revolving loan program to DHH.

Action - The Department should enter into discussion with DHH and potential legislation should be considered.

Recommendation F-14. Move the Litter Program from DEQ to the Office of Lt. Governor. (The Task Force abandoned this recommendation.)

Recommendation F-15. Collection of penalties for late/delinquent fees.

Action - The Department monitor and complete this task.

Recommendation F-16. Develop contingency plan for budget shortfalls.

Action - The Department should include this in their strategic planning.

Recommendation F-17. Seek additional federal funding for mandated programs.

Action - Seek additional federal funding for mandated programs

Addendum to Report

Preliminary List of Issues, Efficiency and Effectiveness

Issues

Presented at 10/31/02 Meeting:

1. **Title: Consolidation of Surface Impoundment Solid Waste Permitting Process into LPDES Permitting Process.** *Author: Brian Bond*

Feasibility of consolidating surface impoundment (solid waste) with the water-permitting program. Maintain the groundwater monitoring activities as they currently exists. This issue may need to be referred to the Funding subcommittee, as there may be fee implications of combining two permits. This could also address some of the backlog issues.

Stars = 4 Ranking = No. 9

2. **Title: Permit Cycle Time.** *Author: Mike Taylor*

Ability to attract new business/industry to the state is adversely impacted by the time required to obtain necessary environmental permits. Can the permit cycle time/application review/issuance time be reduced? Are companies driven away solely due to permit cycle and/or stringent environmental regulations? This is one element of business/industry looking elsewhere. Competitive pressures include resource(s) costs – not just permitting costs. Variances between states (in U.S.) also adversely impact companies coming to Louisiana. The biggest difference is in air permits.

COMBINED WITH ISSUES 8-9-12-17-24

Stars = 8 Ranking = No. 4

Workgroup: Jim Marchand, Jim Wilkins, Will Perkins, David Graham, Melanie Jarrell, Marylee Orr, Linda Levy

3. **Title: Authority of Field Personnel.** *Author: Representative Ernest Wooton*

Expand authority for surveillance to write citations in the field; empowerment of the field staff; possibly allow them to correct a situation on the spot. Keep administrative remedies available as necessary. Ensure proper training of staff (multi-media).

Stars = 10 Ranking = No. 1

Workgroup: Representative Ernest Wooton, Marylee Orr, Kathy Wascom, Brian Bond, Bruce Hammatt; Peter Ricca

4. **Title: Rewrite LDEQ Annual Inspection Rule.** *Author: Melanie Jarrell*
Amend authorizing legislation. Utilize multi-media inspection teams on longer time schedule (eliminate the required annual inspection of all facilities); allow LDEQ flexibility to determine the best use of inspectors and the schedule. Legislation needs to allow LDEQ flexibility for addressing most serious versus required situations. Incorporate some EPA guidelines, but don't over-specify. Allow LDEQ to direct resources to the "hot spots."

Stars = 9 Ranking = No. 2

Workgroup: Kathy Wascom; Melanie Jarrell, Senator Clo Fontenot, Chris Roberie

5. **Title: Re-Engineering/Re-Organization Process/Electronic Tracking of Permit Approval Process.** *Author: Henry Graham representing David Graham*
Re-Engineering process: many are undecided as to success of re-engineering. Problems continue with RADIUS/TEMPO/computer electronic system. A re-examination is needed. It's more difficult to process a permit in the new system. Is it capable of what LDEQ needs it to do?

Stars = 2 Ranking = No. 8

6. **Title: Beneficial Environmental Projects (BEPs).** *Author: Kathy Wascom*
Need to more closely coincide with EPA policy. Address the disparity between EPA policy and what occurs at the state level. Consider adopting EPA guidance policy. Problems exist with the way legislation is done and some of the settlements; it needs more accountability.

Stars = 8 Ranking = No. 3

Workgroup: Kathy Wascom, Senator Clo Fontenot, Mike Taylor, Bruce Hammatt

7. **Title: Criminal Investigations Unit.** *Author: Kathy Wascom*
Is it more efficient/effective to operate as a separate group as opposed to incorporation with the surveillance division? Expansion of EPA Criminal Investigation group in Baton Rouge requires support activities from LDEQ; thereby straining departmental resources. Federal investigations group will be focused on federal criminal acts (law) not state law. Have any criminal investigations been referred to District Attorneys since moving the C.I. unit to OEC?

Stars = 6 Ranking = No. 7

8. **Title: Permit Time.** *Author: Representative Ernest Wooton*
The 2-year permit time adversely impacts new (small and medium) construction in the state. Consider allowing construction starts during permit review. Look at other states' approach – how do other states accomplish this type of process? Consider a phased permit process. Must be careful to not let construction determine issuance of environmental permits.

COMBINED WITH ISSUES 2-9-12-17-24

Stars = 8 Ranking = No. 4

Workgroup: Jim Marchand, Jim Wilkins, Will Perkins, David Graham, Melanie Jarrell, Marylee Orr, Linda Levy

9. **Title: Permit by Rule.** *Author: Melanie Jarrell*

Address small minor issues to expedite the process. Variances, minor modifications to permits could provide simplification of these classes of actions. Free up manpower for more important tasks

COMBINED WITH ISSUES 2-8-12-17-24

Stars = 8 Ranking = No. 4

Workgroup: Jim Marchand, Jim Wilkins, Will Perkins, David Graham, Melanie Jarrell, Marylee Orr, Linda Levy

10. **Title: Pre-Permit Meetings.** *Author: Mike Taylor*

These are very useful. Recommend looking at other areas where this approach could be used to make other areas more efficient.

COMBINED WITH 19

Stars = 2 Ranking = No. 11

11. **Title: Louisiana Toxic Air Pollutant Program.** *Author: Melanie Jarrell*

Re-evaluate to look for closer alignment with different federal air programs. Two different activities are being performed to address the same standard.

Stars = 3 Ranking = No. 10

12. **Title: Name and Ownership Changes in Permit Documents.** *Author: Henry Graham representing David Graham*

Need to be consistent. Most fall in minor category but take up time and resources to accomplish.

COMBINED WITH ISSUES 2-8-9-17-24

Stars = 8 Ranking = No. 4

Workgroup: Jim Marchand, Jim Wilkins, Will Perkins, David Graham, Melanie Jarrell, Marylee Orr, Linda Levy

Presented at 11/14/02 Meeting:

13. **Title: RECAP Program.** *Author: Brian Bond*

The state legislation mandates formal clean up procedures to address Brownfields type-sites, etc. Tightly written regulations capture small spill sites as well, subjecting (the smaller sites) these to the stringent program clean up requirements. The agency is working on a “presumptive remedy” process for minor spills; this still needs additional fine-tuning. RECAP requirements can slow down clean up of minor spills due to the

proposal process program requirements. Any “presumptive remedy” would have to ensure that a “quick” clean up does not overlook any environmental/health threats.

Stars = None

14. Title: Continuous Improvement Focus at DEQ. Author: Mike Taylor

DEQ needs to take a TQM type approach to resolving issues related to incoming inquiries (example: telephone calls/questions not getting a response).

COMBINED WITH ISSUE 16

Stars = 3

15. Title: Access to Records and Information. Author: Kathy Wascom

Access to information, file room, etc. Callers are unable to get information over the phone and are told to file a “Public Records request.” Would like to be able to speak with a permit reviewer or other knowledgeable person for specific information

COMBINED WITH ISSUES 20 AND 21

Stars = 7 Ranking = No. 6

Workgroup: Nick Altiero, David Greer, Marylee Orr, Thomas Bickham

16. Title: Customer Service. Author: Representative Ernest Wooton

Improve initial point of contact for either directing callers to appropriate staff or effect a better way of handling/answering calls; more polite response.

COMBINED WITH ISSUE 14

Stars = 3

17. Title: Empowered Decision Maker. Author: David Graham

Delegation of decision-making authority. Example: some/certain actions should be able to be approved at a lower level than the Secretary of DEQ. These could include actions within well-defined boundaries, posing no threat to regulatory violation. It may require legislative change. Some potential situations could be authorized within the initial permit application. What is the appropriate level? Establish and/or develop a system allowing for lower level approval authority. This could possibly be addressed with a “general permit” process. The department is looking at this possibility.

COMBINED WITH ISSUES 2-8-9-12-24

Stars = 8 Ranking = No. 4

Workgroup: Jim Marchand, Jim Wilkins, Will Perkins, David Graham Melanie Jarrell, Marylee Orr, Linda Levy

18. Title: IT – More Specific Guidelines. Author: Paul Miller

Supreme Court IT decision: Better guidelines on how to respond to the IT questions. These could also address peer review, economic/cost benefit and having an economist available for conducting an economic review of permits; maybe this could look at the

community cost of health care associated with environmental impact(s). Should minor modifications, variances and minor actions be subject to IT questions? Was IT intended for initial siting and environmental impacts? Added by *Jim Wilkins*: Does IT address/evaluate the cumulative impact of variances, minor modifications/actions?

Stars = 7 Ranking = 5

Workgroup: Paul Miller, Micah Walker, Jim Marchand, Mike Taylor, Jim Wilkins, Herman Robinson

19. **Title: Standard Templates and Software.** *Author: David Graham*
Standardization of software used by DEQ. This would eliminate need for re-typing by staff. Also, require permit applications to be submitted in same software and utilize templates where appropriate for consistent formatting. The department could consider providing the requisite software on disk for smaller entities. Choice of software would be DEQ's discretion.

COMBINED WITH 10

Stars = 2 Ranking = No. 11

20. **Title: Electronic Inquiries.** *Author:*
Inquiries (such as permit status) should be handled electronically. Consider more public hearings to provide forum for people/entities without electronic technology/capability to do so.

COMBINED WITH ISSUES 15 AND 21

Stars = 7 Ranking = No. 6

Workgroup: Nick Altiero, David Greer, Marylee Orr, Thomas Bickham

21. **Title: Availability of Facility Information on DEQ Website.** *Author: Henry Graham*
Electronically available information needs to have appropriate safeguards to protect sensitive/confidential information and prevent unnecessary security risk. How is determination made on what information will be available on the DEQ website? What criteria will be used? Whatever is available in the file room presently is what will be available on the "net." *DEQ can conduct an internal review of safeguards; suggest a memo to customers to properly identify confidential/sensitive information. (Italics were response by Hall Bohlinger)*

COMBINED WITH ISSUES 15 AND 20

Stars = 7 Ranking = No. 6

Workgroup: Nick Altiero, David Greer, Marylee Orr, Thomas Bickham

22. **Title: Employee Empowerment Survey.** *Author: David Graham*
Improve the empowerment of the agency based on survey results.

Stars = 1

23. **Title: Governor's Ad Hoc Committee to Follow Up Task Force to Insure Understanding of Recommendations.** *Author: Melanie Jarrell*

Stars = None

24. **Title: Issuance of Startup/Shutdown/Malfunction Permitting Guidance.** *Author: Henry Graham*

COMBINED WITH ISSUES 2-8-9-12-17

Stars = 8 Ranking = No. 4

Workgroup: Jim Marchand, Jim Wilkins, Will Perkins, David Graham, Melanie Jarrell, Marylee Orr, Linda Levy

Efficiency and Effectiveness Issues Forms

<u>LIST OF ISSUES w/Recommendations</u>	
Issue No. E01	Submitted by: Kathy Wascom
TITLE OF ISSUE: Authority of Field Personnel: expand authority for surveillance to write citations in the field.	
<p>STATEMENT OF THE ISSUE: Currently, Surveillance field staff cannot order any action in the field. A report citing the "area of concern" is forwarded through the system as follows: the field inspector's report is reviewed by a regional supervisor and a regional manager; the report is then forwarded to Headquarters where it is reviewed by Surveillance senior staff; it is then forwarded to the Enforcement Division. The information is then parceled out to enforcement writers. The enforcement action then goes through an arduous review process. The end result is that the enforcement action from 30 to 180 days to get out to the violator. This sends the wrong message to the violator, especially when we allow a serious situation to continue for a long period of time. The ability to write a ticket could address a substantial portion of the enforcement issues inspectors find. One example of the needed authority by field staff: A service station is inspected for its underground storage tanks. The owner failed to put in the required leak detection devices or has disconnected those devices. The field inspector should be allowed to close the fueling activities until the proper leak detection systems are installed or repaired. Another example would cover illegal solid waste landfills. The surveillance personnel should be able to close the landfill immediately. This is especially important because DEQ is the only authority in these cases.</p>	
<p>RECOMMENDATIONS: The Efficiency Subcommittee, as a matter of enforcement efficiency, recommends the Department should consider development of regulations to provide for a field citation program. The regulations should allow for field citations assessing civil penalties not to exceed \$_____ per day issued by designated employees for appropriate minor violations. A person who receives a field citation would have the option of paying the penalty assessed, or not. If he elects to pay it, his liability for any additional civil penalties for the particular violations cited in the field citation would be extinguished. If he elects not to pay it, the field citation would expire after _____ days, and the matter would be referred to the Enforcement Division for</p>	

<p>consideration of ordinary enforcement action, including the assessment of civil penalties under R.S. 30:2025(E). Payment of a civil penalty required by a field citation shall not be a defense to further enforcement by the State to correct a violation, or to assess the statutory maximum penalty pursuant to other authorities in the Act, if the violation continues. The Efficiency Subcommittee recommends:</p> <ol style="list-style-type: none"> 1) A pilot field citation program that encompasses, underground storage tanks, solid waste and spills and unauthorized releases; 2) A training program for inspectors prior to their being authorized to issue field citations; 3) DEQ be directed to develop regulations and establish a schedule for implementation; and 4) DEQ establish a workgroup to develop draft regulations.
<p>IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?</p> <p>Yes, the ability for inspectors to issue field citations will provide increased emphasis on compliance within the regulated community. Minor violations will likely be corrected more quickly to avoid additional penalties and participation in a more lengthy enforcement process.</p>
<p>IMPACT ON EFFICIENCY: YES NO IF YES, WHY?</p> <p>Yes, if properly implemented a field citation program should free up LDEQ staff resources to focus on the more significant enforcement issues and initiatives. Currently, these resources are often spent engaged in a very lengthy enforcement process for even minor violations.</p>
<p>WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?</p> <p>-LDEQ enforcement may not ensure that environmental resources are adequately protected through the appropriate identification of violations, the issuance of timely actions, the escalation of actions when facilities have repeat violations and the ability to assess and collect penalties.</p> <p>-LDEQ's resolution of complaints is not timely, and the public's satisfaction with LDEQ's handling of complaints is low.</p>
<p>WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:</p> <p>Office of Environmental Compliance, Surveillance Division</p>

COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
Not Applicable

Annual Compliance Inspections Proposed Changes for Consideration

Consider replacing 2012 D. with the following:¹

Monitoring inspections of facilities operating with a permit issued pursuant to this subtitle shall be conducted to assure compliance with this Subtitle and the regulations issued pursuant thereto. The Secretary shall prepare, implement, and revise, as needed, a compliance monitoring strategy designed to achieve meaningful environmental results. Inspections shall be both intensive, designed to accomplish meaningful environmental results and routine to ensure a compliance presence in the field. The compliance monitoring strategy shall explicitly recognize that a variety of compliance monitoring tools including, but not limited to, self-certifications, deviation reports, stack testing reports, discharge monitoring reports, semi-annual monitoring reports, and on-site inspections are available and should be used to evaluate compliance. The strategy must address inspection frequency and in doing so, the Secretary shall consider the following:

- 1. Facility compliance history**
- 2. Location of facility**
- 3. Potential environmental impact**
- 4. Operational practices being steady state or seasonal**
- 5. Any other relevant environmental, health, or enforcement factors**

The strategy shall provide for reasonable times during which inspections may be conducted.

¹ Some language for this proposed revision taken from several references; GAO report (GAO-01-46) of April 2001, EPA Clean Air Act Compliance Monitoring Strategy of April 2001, Inspector Credentials Authorization Procedures, Facility Inspection Schemes of June 18, 1999.

<u>LIST OF ISSUES</u>
Issue No. 3a
TITLE OF ISSUE: Beneficial Environmental Projects - tax treatment
STATEMENT OF THE ISSUE: DEQ allows fines and penalties to be negotiated to include Beneficial Environmental Projects (BEP) and/or Supplemental Environmental Projects (SEP) in some cases, according to Louisiana and Federal Law. Such BEP/SEPs are not eligible for favorable tax treatment under Louisiana Law, but there is no interdepartmental mechanism to ensure that such beneficial tax treatment does not occur.
Recommendation: DEQ should ensure that parties entering into settlements that include BEP/SEPs are informed that such BEP/SEPs are not eligible for favorable tax treatment, and that seeking and gaining favorable tax treatment for such projects may constitute tax fraud. Louisiana Department of Economic Development (LDED) should screen tax incentive applications to ensure that BEP/SEPs are not approved for state tax incentive programs. DEQ and LDED should establish a regular communication path to ensure that LDED is aware of BEP/SEP projects that are part of DEQ settlements and LDED should routinely ensure that tax incentive contracts are not executed for BEP/SEPs that are part of DEQ settlements.
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY? Yes. Fines and penalties are not as effective as intended if tax benefits accrue to the company fined.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY? No.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
Enforcement
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?

<u>LIST OF ISSUES</u>
Issue No. 3b
TITLE OF ISSUE: Beneficial Environmental Projects – Work Process
STATEMENT OF THE ISSUE: DEQ allows fines and penalties to be negotiated to include Beneficial Environmental Projects (BEP) and/or Supplemental Environmental Projects (SEP) in some cases, according to Louisiana and Federal Law. While Louisiana and federal law provides guidance on the types of projects that can be approved for BEP/SEPs, there is no formal process in DEQ for a BEP/SEP application, or approval. The process that is in place now is a negotiated settlement process between DEQ and the entity found to be in violation of DEQ regulations that is not open to public input.
Recommendation: DEQ should develop a written and formal procedure to be used in application and approval of BEP/SEPs as part of negotiated settlements. The procedure should allow for BEP/SEPs desired by communities, and for BEP/SEPs brought forward by parties desiring to enter into a settlement agreement.
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY? Yes. Closed, unpublished processes may not adequately protect the public interest.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY? No.
WHICH OF THE LEGISLATIVE AUDITOR’S SEVEN AUDIT RESULTS DOES IT ADDRESS?
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION: Enforcement
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?

<u>LIST OF ISSUES w/Recommendations</u>	
Issue No. 4	Submitted by
TITLE OF ISSUE: Permitting Effectiveness and Efficiency	
STATEMENT OF THE ISSUE: The DEQ permitting process is overly lengthy, inefficiently utilizes available resources, and has resulted in backlogs of minor and major permit actions.	
<p>RECOMMENDATIONS: Streamlining the Permit Application, Review, and Issuance Process</p> <ol style="list-style-type: none"> 1. Application Preparation and Submittal <ol style="list-style-type: none"> (a) Improvement of entry process by minimizing redundancy and variation, and by utilizing standardization (b) Strive for compatibility of software and interface between DEQ and applicants. (c) Tailor permit applications to source complexity and information needs. Consider using checklists, forms based on varying degrees of complexity, and design of applications for various users. (d) Determine methods of handling domestic and de minimis emissions that may potentially be regulated by DEQ 2. Application Process <ol style="list-style-type: none"> (a) Continue the development of uniform permit requirement through development and use of TEMPO. (b) Utilize permitting option appropriate to the size and complexity of the facility category being permitted. Such options may include registrations, licenses, general permits, and standardized individual permits. (c) Fully utilize existing approval authority delegation allowed by statutes. Consider broadening statutory authority if appropriate. (d) Expedite approval of emissions reduction projects with no concurrent emissions increases and that do not require emissions banking. 3. Improve accessibility of issued draft and final permits to public and regulated community. <p>Enhancement of Website Accessibility to Applicants and Public</p>	

<p>1. Public Access</p> <ul style="list-style-type: none"> (a) Make permit tracking process now used by DEQ available to public. (b) Publish proposed permits under public notice and list of permits on website. (c) Investigate on-line applications for certain permits, licenses or registrations. <p>2. Recognize that security concerns are important to an efficient and effective process.</p>
IMPACT ON EFFECTIVENESS: <u>YES</u> NO IF YES, WHY?
The current permit process creates backlogs, administratively continued permits (expired), delays projects, and impedes effectiveness of inspections.
IMPACT ON EFFICIENCY: <u>YES</u> NO IF YES, WHY?
Creates redundancy, diverts resources from high impact areas, and affects public access to information.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS? Recommendation #2 – Assist DEQ in meeting its permit requirements.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
Office of Environmental Services
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?

<u>LIST OF ISSUES w/Recommendations</u>	
Issue No. 5	Submitted by Paul Miller
TITLE OF ISSUE: More Specific Guidelines on "IT" responses	
STATEMENT OF THE ISSUE: Responses to the "IT" Decision continue to result in confusion, misunderstanding, and delays in the permitting actions by LDEQ. Regulators, the Environmentalist, and the Regulated Community all need a clear understanding of what information is needed. A one size fits all approach is inefficient and ineffective.	
RECOMMENDATIONS:	
<ul style="list-style-type: none"> • The Regulatory requirement for "IT" responses should be clearly noted in a central location such as the Office of the Secretary Regulations to remove any cross media regulatory confusion which now exists. • A permitting information sheet should be developed for the use by permit applicants, consultants, and/or the general public, which includes information on where resources such as the Department's "IT" Guidance Document may be found and when "IT" responses must be included in permit application submissions. • The "IT" Guidance Training Class which has been previously provided to Department permit writers should be offered on a routine basis to account for turn over in the Department. The class should also be offered to the regulated community, the general public, and consultants. • LDEQ should have available an expert economist peer review process to evaluate those portions of "IT" Responses which deal with the economic evaluations of proposed facilities taking into account all factors including natural resource values. 	
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?	
Yes, while all relevant information about a project or facility needs to be known, the current response format needs to be tailored to provide the flexibility to address the specific project being proposed.	
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?	
Yes, not having effective guidance results in delay and the need to	

submit revised responses and therefore additional work on all parties concerned.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
Permitting Backlog
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
Environmental Services Permits Division
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
Not Applicable

<u>LIST OF ISSUES w/Recommendations</u>
Issue No. E6 Submitted by Nicholas J. Altiero
TITLE OF ISSUE: Access to Information
STATEMENT OF THE ISSUE:
<ul style="list-style-type: none"> - Access to information, file room, etc. Callers are unable to get information over the phone and are told to file a "Public Records Request." Would like to be able to speak with a permit reviewer or other knowledgeable person for specific information. - Improve initial point of contact for either directing callers to appropriate staff or effect a better way of handling/answering calls; more polite response. - Inquiries (such as permit status) should be handled electronically. Consider more public hearings to provide forum for people/entities without electronic capability to do so. - Electronically available information needs to have appropriate safeguards to protect sensitive/confidential information and prevent unnecessary security risk. How is determination made on what information will be available on the DEQ website? What criteria will be used? Whatever is available in the file room presently is what will be available on the "net." DEQ can conduct an internal review of safeguards; suggest a memo to customers to properly identify confidential/sensitive information.

RECOMMENDATIONS:

- The DEQ should institute a process to determine what information is appropriate and sufficiently useful to be made available on the DEQ web site. This process should allow for requests to keep certain material (e.g. financial, trade secrets, security) confidential and should include an appeals process for denied requests.
- The DEQ should develop a user-friendly interface for the DEQ web site that makes it as easy as possible for all users, including medium and small businesses and the average citizen, to be able to access the information that they need and to be able to easily submit questions and requests electronically. All information should be presented in a way that is understandable to the entire spectrum of potential users.
- In addition to a user-friendly web site, the DEQ should provide easy access to the appropriate DEQ staff members who can assist with all questions and requests. It is suggested that a "Citizens Guide to the DEQ" be published that documents the DEQ management system and identifies key resource people within DEQ. This document should be published both in hard copy and on-line.
- When data from the Tools for Environmental Management Protection Organizations (TEMPO) are made available on-line, DEQ should provide a user-friendly interface and adequate on-line help in utilizing this software. The DEQ should also implement an interface that accepts electronic data files from the regulated community.
- Currently Public Records Request forms are available on-line but manual submission is required. Once an electronic signature capability has been developed, the DEQ should accept electronic submission of Public Records Request forms.
- The DEQ should take every precaution to assure that the upcoming relocation of their computer servers to the Office of Information Services goes smoothly. There is particular concern that this transition could lead to disruptions of service and loss of features currently supported. It is recommended that those State agencies that have already relocated their servers be consulted.

IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY? Yes. To be written.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY? Yes. To be written.
<p>WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?</p> <ul style="list-style-type: none"> - Public documents are not easily accessible. Many documents were missing, misfiled in physical files or mis-indexed in electronic files. - LDEQ cannot easily provide reliable information on whom it regulates.
<p>WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:</p> <ul style="list-style-type: none"> - Office of Management and Finance, Information Services Division. - Entire agency.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?

Preliminary List of Issues, Funding

DEQ TASK FORCE FUNDING SUB-COMMITTEE IDEAS FOR ACTION

FEES

- Consider increased taxes on out-of-state waste disposed or treated in Louisiana.
- Broaden the base of permit fees by ensuring all persons requiring permits are in the program.
- Address equity of fees (i.e. level of DEQ effort reflected in level of fee).
- Capture fees for activities or services we do not presently.
- Properly balance fees: fees for service or activities (i.e. permit fees for permits, inspection fees for enforcement, etc.).
- Air permit fees have several “add ons” for NSPS, NESHAPS, etc. Consider rolling them over into the permit fee.
- Look at alternatives for fees (UST regs) that require numerous invoices for little revenue.
- Review self generated fees/ensure that all activities receive appropriate value.
- Increase fees.
- Review permit fees and compare with DEQ costs.

INVOICING/COLLECTION

- Allow fees to be paid by credit card.
- Ensure that all fines and penalties are collected.
- Reduce time of collection of revenues.
- Consolidate invoices to minimize checks to be handled by DEQ.
- Consider sharing fee collection activities with other agencies such as Office of Conservation.
- Streamline fee into one monthly statement.
- Follow up and penalize late fee payments.
- Ensure timely billing of fees.
- Have the same form serve multi-purposes.

ENFORCEMENT-RELATED REVENUES

- Streamline the appeals process.
- Study whether fines and penalties are adequate.
- Are fines and penalties appropriately assessed to cover costs?
- BEPs should be at least 2 times the original fine and include some cash payment.
- Revise the “Beneficial” Environmental Projects to “Supplemental” and collect fines.
- Provide for discount of penalties if paid promptly without appeal (i.e. 10% if paid within 30 days and 5% if paid within 60 days).
- Streamline penalty collection and due process.
- Re-assess fine and penalty amounts.

BENCHMARKING

- Compare funding mechanisms with other southern region agencies/programs.

- Collect “Best Practices” from other environmental agencies.
- Comparative analysis for services and funding of DEQ with similar organizations in other states.
- Study funding mechanisms from other states.
- Benchmark funding levels program to program.
- Research funding sources used by other states.
- Benchmark DEQ funding against other state environmental agencies.

INSTITUTIONAL FUNDING

- Need dedicated annual funding for DEQ.
- Get funds from lottery revenues.
- Sales tax dedication.
- State participation percent of general fund.
- Try to ensure all entities pay (fair share) for DEQ services: regulated community, Federal government, and citizens.
- Seek additional funding sources from the Federal government.
- Aggressively pursue Federal funding opportunities.
- Federal participation to fund mandates to local governments.
- Increase in Federal funds.
- Free up some dedicated State funds and dedicate to DEQ.
- Provide for dedicated funds to DEQ because general fund money is unpredictable (perhaps a 1 cent gasoline tax).
- Stabilize general fund contribution to DEQ.
- General funds for all costs associated with the new building.
- Look at a tax source to provide the general fund contribution consistently.
- Increase State funding.

WORKLOAD LEVELING

- Establish internal controls for vehicles/travel.
- Combine certain roles and responsibilities and reduce personnel.
- Electronic offices.
- Time management workshops.
- Identify non-mandated programs/services.
- Utilize more contract help.
- Form a permit group “Delta Force” to eliminate backlog of water permits.
- Develop an e-ready permit filing process.
- Timely processing of permit applications.
- Eliminate DEQ – let EPA step in.
- Prioritize programs.
- Eliminate EPA-DEQ duplication.
- Eliminate programs that are not cost efficient.
- Re-visit the organizational structure to improve and clarify roles and responsibilities.
- Have DEQ base its operation on constitutional mission.

COST REDUCTION

- Provide incentives for cost saving ideas from employees.
- Don't move DEQ downtown.
- Review all expenditures for reduction opportunities.
- Limit filling job vacancies to balance the budget.
- Use of e-mail to reduce communication costs.
- Perform staffing analysis.
- Staffing analysis: contract for services, loan executives, civil service.

MISCELLANEOUS

- Consider impact on economic development.
- Assess whether state-mandated standards cost money.
- Cost capturing for unplanned events.
- Consider broadening the allowable expenditures under certain trust funds.
- Identify funding sources for "unique" investigation activities.
- Keep better track of files with "Docket Clerk".
- Review investment policies – trust fund.
- Research trust fund caps and where the excess is spent.
- Industry analysis, cost/benefit ratio (9 industry focus – vision 2020).
- Reduce turnover of personnel.
- Perform a training needs assessment for management tools (i.e. TEMPO).
- Zero pollution.

Funding Issues and Supporting Information

<u>LIST OF ISSUES w/Recommendations</u>	
Issue No. F-01	Submitted by Funding Sub-Committee
TITLE OF ISSUE:	
General funds justification for FY 2003-2004.	
STATEMENT OF THE ISSUE:	
Even with a current general fund contribution of \$7.5 million, an Environmental Trust Fund carry-over of \$7.2 million, a 20% fee increase in FY 2002, and a 10% fee increase in FY 2003-2004, the DEQ is projecting a deficit of \$6.7 million for FY 2003-2004.	
RECOMMENDATIONS:	
General funds should be provided during FY 2003-2004 of at least \$14,000,000.	
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?	
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.	
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?	
No impact on efficiency is anticipated.	
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?	
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.	
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:	
This could affect all areas of DEQ.	
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?	
N/A.	

DEQ receives funding from 4 main sources of revenue These are:

General Fund

General funds are those funds allocated by the Legislature out of the State General Fund. DEQ has seen its General Fund allocation shrink over the years due to the solvency of the Environmental Trust Fund.

Hazardous Waste Site Cleanup Fund

The Hazardous Waste Site Cleanup Fund is generated via two avenues: 1. penalties assessed against facilities for environmental violations, and, 2. the Hazardous Waste Tax which is collected pursuant to Chapter 7-A of Subtitle 2 of Title 47 of the Louisiana Revised Statutes. It is dedicated towards the cleanup of abandoned hazardous waste sites, as match for Superfund projects, and the administrative costs of performing these activities.

Environmental Trust Fund (ETF)

The Environmental Trust Fund is mainly generated via an initial fee and an annual monitoring and maintenance fee assessed for authorized permits, licenses, registration, variances, etc..

Another source for the ETF is the Hazardous Waste Site Cleanup Fund (HWSCF). The HWSCF has a cap of six million dollars and any balance over that amount is transferred into the ETF.

Still another source for the ETF is interest paid on the fund.

Federal Grants

Federal grants are revenue the department receives from agencies such as the EPA, FDA, and DOE in order to carry out various parts of federal programs.

The majority of the funding for the department has come from the ETF as detailed below.

Table 1: Revenue by Category, FY1993 to FY2002

Category	Fiscal Year									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
General Fund	2,452,396	1,300,460	1,252,558	-	1,363,038	1,670,738	467,441	523,597	597,230	125,899
Interagency Transfer	22,230	264,736	94,892	-	76,237	-	111,712	93,420	72,206	182,789
Self Generated Revenue	337,154	446,711	458,662	478,139	254,945	387,227	373,763	307,964	329,176	294,695
Hazardous Waste Site Cleanup Fund	-	-	-	-	-	109,435	1,399,312	1,213,661	1,131,466	1,102,239
Environmental Trust Fund	29,924,210	34,228,864	36,707,927	36,405,340	36,752,402	41,356,287	45,758,909	49,297,109	51,595,529	50,370,987
Municipal Facilities Revolving Loan	484,309	550,011	592,169	587,724	620,846	724,915	807,669	778,273	825,851	890,407
Waste Tire Management Fund	-	261,624	322,753	385,648	524,282	580,556	533,925	460,552	433,061	457,048
Lead Hazard Reduction Fund	-	-	-	-	-	4,855	46,360	58,944	58,944	120,000
Oil Spill Contingency Fund	27,083	478	-	-	-	-	-	-	-	-
Lottery Proceeds Fund	3,946,351	-	-	-	-	-	-	-	-	-
Federal Funds	7,086,076	7,025,937	8,039,793	8,727,567	7,686,983	7,920,718	9,151,729	9,498,073	8,340,754	10,147,846
TOTAL	44,279,809	44,078,821	47,468,754	46,584,418	47,278,733	52,754,731	58,650,820	62,231,593	63,384,217	63,691,910

As stated previously, the Environmental Trust Fund has several sources, the largest of which being that from assessed fees. Secondary to that are the revenues collected from interest, the Hazardous Waste Site Cleanup Fund (HWSCF), and the Motor Fuels Trust Fund (MFTF). Table illustrates the sources for the ETF.

Table 2: ETF Revenue Sources, FY 1993 to FY 2002

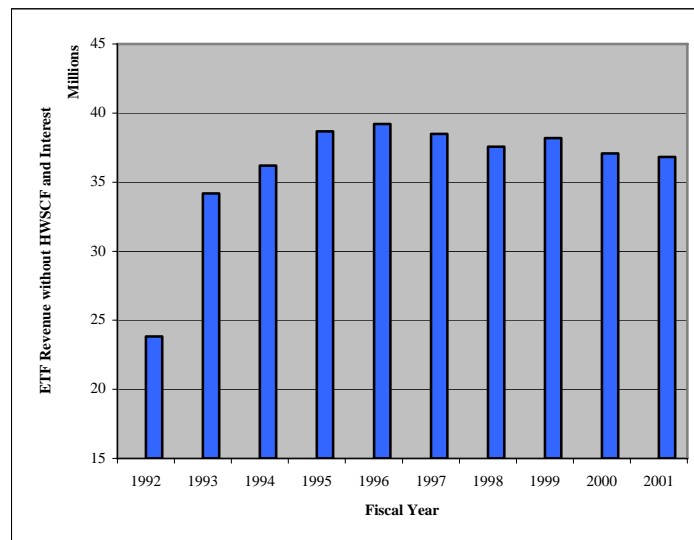
Category	Fiscal Year									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Interest	373,039	715,521	1,405,149	1,292,820	1,336,845	1,574,670	1,651,124	1,343,554	953,137	424,280
HWSCF	7,257,342	3,375,998	41,487	896,709	1,922,238	6,118,128	946,763	4,111,079	6,981,518	8,648,706
Lab Certification	0	0	0	0	0	0	185,750	171,742	203,500	333,924
Alt Tech	706,553	936,216	843,247	822,694	790,307	686	92	0	0	0
Air	9,822,530	9,824,216	11,545,516	12,715,100	12,656,639	13,632,159	12,824,539	12,479,630	12,302,153	12,473,551
Radiation	2,705,808	2,546,883	2,586,260	2,644,934	2,653,161	2,674,470	2,688,452	2,506,725	2,160,408	3,342,832
Water	10,918,295	11,710,044	11,919,296	11,710,099	11,361,352	10,368,832	11,757,318	11,537,232	12,381,313	12,473,551
Ground-Water	1,424,274	1,600,017	1,647,794	1,856,805	1,805,205	1,811,120	1,965,408	1,902,240	1,926,547	1,961,309
Hazardous Waste	4,770,354	5,200,326	5,119,315	4,950,781	4,817,102	4,650,821	4,240,601	3,831,477	3,757,245	3,727,780
Solid	2,920,162	2,958,063	3,445,594	3,399,280	3,077,472	3,069,472	2,950,636	3,022,019	2,605,096	2,642,182
Under-ground Tanks	908,945	1,416,100	1,580,000	957,365	972,664	837,471	836,347	772,455	695,807	661,822
MFTF	0	0	0	157,769	346,249	518,253	744,957	720,000	798,520	728,962
Total	41,807,303	40,283,384	40,133,657	41,404,354	41,739,233	45,256,081	40,791,987	42,398,152	44,765,244	47,418,899²

In order to get a tighter picture for the ETF, the HWSCF should be factored out, as this is not guaranteed recurring revenue. Table defines the differences between the two situations. From this table, it can be noted that true ETF collections topped out in FY 1996 at about \$40,500,000. dollars and have since decreased by over two million dollars to around \$37,800,000. in FY 2000, despite an increase in Water fees that was phased in over FY 1998 to FY 1999. Figure 1 illustrates the ten year trend.

² Includes \$1.7M in collections of outstanding invoices

Table 3: ETF Totals with/without HWSCF, FY 1993 to FY 2002

Category	Fiscal Year									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
With HWSCF	41,807,303	40,283,384	40,133,657	41,404,354	41,739,233	45,256,081	40,791,987	42,398,152	44,765,244	46,618,899
Without HWSCF	34,549,961	36,907,386	40,092,171	40,507,646	39,816,996	39,137,953	39,845,224	38,287,073	37,783,726	38,770,193
Without Interest	34,176,922	36,191,865	38,687,022	39,214,826	38,480,151	37,563,283	38,194,100	37,085,651	36,830,589	38,345,913 ³

Figure 1: ETF Revenue without HWSCF

One thing that stands out clearly is that since Fiscal Year 1999, DEQ has spent more from the ETF than it has collected. For the preceding seven years, DEQ was able to build a surplus and, since FY1999, DEQ has had to depend upon that cash surplus to fund the operations of the department.

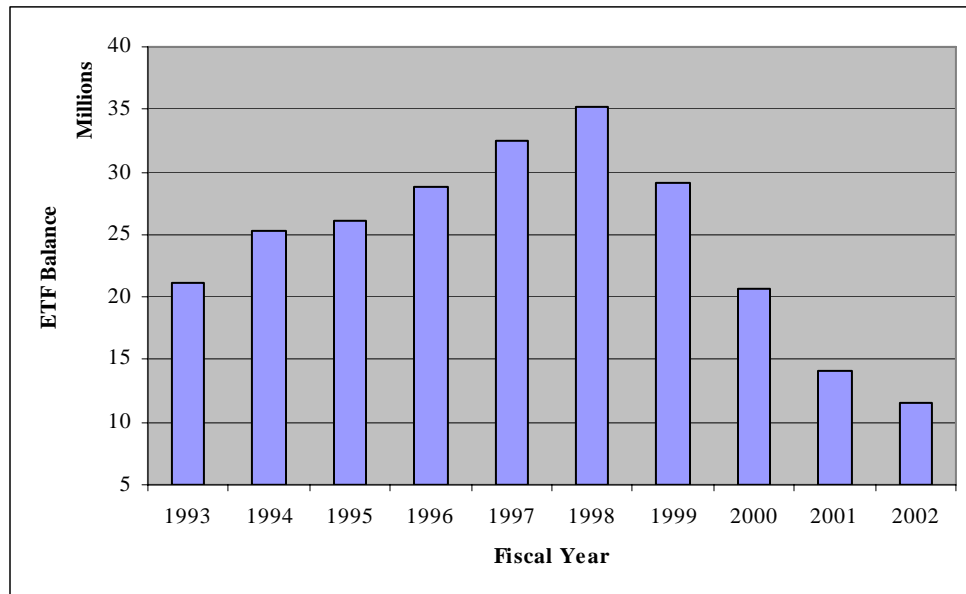
Table 2 shows the growth of the surplus for the first seven years and the decrease over the last three. Figure 2 illustrates the fund balance over the last ten years.

Table 2: ETF Revenue Collected, Expended, and Fund Balance

FY	Collected	Expended	ETF Balance
1993	41,807,303	30,718,737	21,216,651
1994	40,283,384	36,250,549	25,270,019
1995	40,133,657	39,302,137	26,126,163
1996	41,404,354	38,693,341	28,888,086
1997	41,739,233	38,274,281	32,484,726
1998	45,256,081	42,738,277	35,162,173
1999	40,791,987	47,208,061	29,081,376
2000	42,398,152	50,903,925	20,582,395
2001	38,429,205	51,595,529	14,170,351
2002	47,418,899	51,814,967	11,598,249

³ Includes \$1.7M in collections of outstanding invoices

Figure 2: Environmental Trust Fund Balance, FY1993 to FY2002



Based the following revenue and expenditure projections:

Table 6: Projected Revenue by Category, FY2003 to FY2007

Category	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
IAT	95,000	95,000	95,000	95,000	95,000
Self Generated	275,000	275,000	275,000	275,000	275,000
HWSCF	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
ETF	44,033,470	48,031,293	48,031,293	48,031,293	48,031,294
Municipal Facilities Revolving Loan Program	943,056	943,056	943,056	943,056	943,056
Waste Tire Fund	524,829	524,829	524,829	524,829	524,829
Lead Hazard Reduction Fund	60,000	60,000	60,000	60,000	60,000
Federal Funds	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
Total	67,931,355	71,929,178	71,929,178	71,929,178	71,929,179

Table 7: Projected Expenditures by Category, FY2003 to FY 2007

Category	Fiscal Year				
	2003 ⁴	2004 ⁵	2005	2006	2007
Salaries And Related Benefits	49,047,042	53,690,000	55,032,250	56,408,056	57,818,258
Travel	1,192,237	1,250,000	1,250,000	1,250,000	1,250,000
Operating Services	10,093,679	19,126,000	17,028,000	17,028,000	17,028,000
Supplies	2,181,134	2,325,000	2,269,252	2,314,637	2,314,637
Professional Services	7,808,870	5,752,000	5,250,000	5,250,000	5,250,000
Acquisitions & Major Repairs	3,236,078	3,525,000	3,366,737	3,434,032	3,434,032
Total Expenditures	73,559,040	85,670,004	84,198,243	85,686,731	87,096,934

The department will face deficits of:

Table 8: Expenditures versus Revenue, FY 2003 through FY 2007

Year	Budget	Revenue	ETF Carryover	Difference
2003	73,559,040	67,931,355	11,598,000	5,970,315
2004	85,670,004	71,929,178	6,989,362	(6,751,464)
2005	86,448,243	71,929,178	0	(14,519,066)
2006	87,936,731	71,929,178	0	(16,007,554)
2007	89,346,933	71,929,177	0.00	(17,417,756)

As such, for FY 2003-2004, in order to fund the department at continuation level, an additional \$6.75 in million General Funds will be necessary. This brings the total General Fund commitment to \$14.25 million.

Source: FY 2003 – 2007 Fiscal Outlook for DEQ

⁴ FY 2003 numbers are budget numbers due to the timing of the completion of this report

⁵ FY 2004 numbers are budget numbers due to the timing of the completion of this report

<u>LIST OF ISSUES w/Recommendations</u>	
Issue No. F-02	Submitted by Funding Sub-Committee
TITLE OF ISSUE:	
General funds justification for subsequent fiscal years beyond FY 2003-2004.	
STATEMENT OF THE ISSUE:	
With the move to the Galvez Building and the new laboratory in FY 2003-2004, the DEQ will face an increase in projected annual rental costs of \$6.7 million. The DEQ will also incur an increase in information technology (IT) network costs of \$692,000 annually. These projected commitments total \$7.4 million.	
RECOMMENDATIONS:	
General funds should be provided to the DEQ in each subsequent fiscal year beyond 03-04 to meet projected budgetary requirements.	
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?	
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.	
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?	
No impact on efficiency is anticipated.	
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?	
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.	
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:	
This could affect all areas of DEQ.	
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?	
N/A.	

Pursuant to the details for Recommendation 1, deficits for Fiscal Years 2005 – 2007:

Expenditures versus Revenue, FY 2003 through FY 2007

Year	Budget	Revenue	Difference
2005	86,448,243	71,929,178	(14,519,066)
2006	87,936,731	71,929,178	(16,007,554)
2007	89,346,934	71,929,178	(17,417,756)

If General Funds are to be used to balance DEQ's budget, the following commitments will be necessary:

General Fund Commitment to meet projected budgetary requirements

Year	Difference	Current GF	Total
2005	(14,519,066)	7,500,000	22,019,066
2006	(16,007,554)	7,500,000	23,507,554
2007	(17,417,756)	7,500,000	24,917,756

Source: FY 2003 – 2007 Fiscal Outlook for DEQ

<u>LIST OF ISSUES w/Recommendations</u>	
Issue No. F-03	Submitted by Funding Sub-Committee
TITLE OF ISSUE:	
Fees should be collected for DEQ services rendered for which fees are not currently assessed.	
STATEMENT OF THE ISSUE:	
Examples of those activities for which DEQ does not currently collect a fee include application fees for general water permits, discharge permits from UST site remediation activities, and others.	
RECOMMENDATIONS:	
The DEQ should assess an appropriate fee amount for any application submittal, permit modification request, registrations, or other certification activities performed by the DEQ.	
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?	
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.	
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?	
No impact on efficiency is anticipated.	
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?	
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.	
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:	
This could affect all areas of DEQ.	
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?	
N/A.	

Examples of those activities for which we do not currently collect a fee include application fees for: Water General Permits, recently proposed LPDES General Permit for discharges from UST Site Remediation Activities. (Draft permit is actually silent on fee amount), several of the name change notification requirements. Also, there are certain media which do not have fees for modifications or renewal of existing permits. Air fees do not have a renewal fee associated and Title V permits are specifically exempted from a renewal fee. Also, Radiation licenses and registrations do not require a renewal fee.

LIST OF ISSUES
Issue No. F-04 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
DEQ should review "special" trust funds and make recommendations for improvements with annual budget requests.
RECOMMENDATIONS:
<i>The DEQ should annually review current funding levels, caps, effectiveness, and limitations of all "special" trust funds and make recommendations for changes. These recommendations shall be submitted to the Governor's office with annual budget requests.</i>
STATEMENT OF THE ISSUE:
The Hazardous Waste Site Cleanup Fund, the Motor Fuels Trust Fund, and the Waste Tire Fund should be reviewed to ensure that mechanisms in place are effective in meeting program requirements and can recover reasonable DEQ costs for administering the programs.
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

The department currently has three major special funds. These include:

- **Hazardous Waste Site Cleanup Fund:** This fund is dedicated towards the cleanup of contaminated sites, match for Superfund projects, and the administrative costs of performing these activities. It is capped at \$6 million; the overflow of which rolls over into the Environmental Trust Fund.
- **Motor Fuels Trust Fund:** This fund is dedicated towards the remediation of Underground Storage Tanks. This work is performed by Response Action Contractors (RAC) and is paid for on a cost basis. It is funded by a fee of \$.0075 per gallon of gasoline collected from bulk fuel distributors. It is currently capped at \$20 million.
- **Waste Tire Fund:** This fund is dedicated chiefly towards the cleanup of abandoned waste tire piles. Its secondary function is to prevent abandoned tire piles by subsidizing the processing of waste tires through payments to waste tire processors.

All of these funds have mechanisms in place for the DEQ to recover reasonable costs associated with administering those duties that compromise the underlying programs for that fund.

Furthermore, there appear to be dedicated funds placed under DEQ that have no funding source and/or should be under the purview of another agency. One such example is the Right-to-Know Fund as defined in Louisiana Revised Statutes 30.2380.1.

LIST OF ISSUES
Issue No. F-05 Submitted by Funding Sub-Committee
TITLE OF ISSUE: DEQ should identify source categories not covered by permit and/or annual fees.
RECOMMENDATIONS:
<i>The DEQ should identify sources that are subject to permits and/or annual fees and capture them under existing regulations. These fees shall be assessed as soon as the source is identified.</i>
STATEMENT OF THE ISSUE:
This review should be completed in order to ensure DEQ has captured all entities that are subject to existing permits and permit fees.
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

This recommendation is intended to ensure DEQ has captured all entities subject to existing permits and permit fees, Solid Waste and Air fees; compressors, pumping stations, etc.

LIST OF ISSUES
Issue No. F-06 Submitted by Funding Sub-Committee
TITLE OF ISSUE: DEQ should capture fees for name and ownership changes appropriate for the level of effort required by the agency.
RECOPMMENDATIONS:
<i>Fee amounts for name changes and ownership changes should be adjusted to equitably reflect oversight requirements mandated by statute.</i>
STATEMENT OF THE ISSUE:
There are a wide variety of fee amounts in various programs for name and ownership changes. This should become more uniform and appropriate in amounts for the services provided by the DEQ.
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

The DEQ currently charges a wide variety of fee amounts in the various programs for name and ownership changes. These range from \$10 (hazardous waste) to \$14,000 (water). The DEQ should adopt a uniform fee amount for name changes across all media consistent with the typical cost for processing such changes. The DEQ should develop a second fee for ownership changes since state statute (LRS 30:2014.2) requires DEQ investigation into new owners compliance history prior to permit issuance. Since this requires more DEQ effort than a simple name change, a new fee for ownership changes that are subject to this provision should be developed.

LIST OF ISSUES
Issue No. F-07 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
DEQ should consider efficiency in collecting fees.
STATEMENT OF THE ISSUE:
There are some fees that cost more to collect than they yield in revenues.
RECOMMENDATIONS:
<i>The DEQ should consider whether processing and collecting fees cover transactional costs.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
This could improve efficiencies and drive out cost of collections above revenues generated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

??? Our data does not substantiate the description of the issue in that there are fees that cost more to collect than the revenues they generate ???

LIST OF ISSUES
Issue No. F-08 Submitted by Funding Sub-Committee
TITLE OF ISSUE: Annual fees should be consolidated into the least number of invoices practicable.
STATEMENT OF THE ISSUE:
There are presently eight media-based annual fees assessed at different times of the year. Resources at the DEQ and in the regulated community are expended to process multiple invoices.
RECOMMENDATIONS:
<i>All annual fees should be consolidated into the least number of invoices practicable.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
This could improve efficiency by reducing the effort to process invoices and payments.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

DEQ currently has eight media-based annual fees that are all assessed at different times of the year. Resources at DEQ and in the regulated community must be expended to generate and address each individual invoice. Any consolidation would provide the department a savings in FTEs.

LIST OF ISSUES
Issue No. F-09 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Long term fee restructuring.
STATEMENT OF THE ISSUE:
There is a need to restructure fees to adequately cover costs of services and to standardize the means of fee assessment across different media. This is needed to ensure both the adequacy of revenues and to ensure equity for those assessed these fees.
RECOMMENDATIONS:
<i>Long term changes shall be considered for category permit fees to cover actual agency oversight costs. This should begin implementation by FY 2004-2005.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

Cost Comparison Including Office of the Secretary and Office of Management and Finance

The following table compares the amount collected in fees per media in FY 2002 compared to the actual costs of administering the program. The costs of the programs includes the expenses of the Office of the Secretary (\$4.2 M) and the Office of Management and Finance (\$16.1 M)

Media	Collected	Cost of Program	Difference
Water	12,132,648	19,583,640	-7,450,991
Air	11,225,901	19,834,662	-8,608,761
Radiation	2,784,692	2,795,447	-10,755
UST	741,251	4,072,759	-3,331,508
Solid Waste	2,970,926	3,744,491	-773,565
Hazardous Waste	3,724,698	7,432,699	-3,708,002
Groundwater	1,965,108	2,192,850	-227,742

Cost Comparison Without Office of the Secretary and Office of Management and Finance

The following table compares the amount collected in fees per media in FY 2002 compared to the actual costs of administering the program. The costs of the programs excludes the expenses of the Office of the Secretary (\$4.2 M) and the Office of Management and Finance (\$16.1 M)

Media	Collected	COST OF PROGRAM	Difference
Water	12,132,648	13,438,531	-1,305,883
Air	11,225,901	13,610,786	-2,384,885
Radiation	2,784,692	1,918,269	866,423
UST	741,251	2,794,777	-2,053,526
Solid Waste	2,970,926	2,569,516	401,411
Hazardous Waste	3,724,698	5,100,408	-1,375,711
Groundwater	1,965,108	1,504,760	460,348

Cost Comparison Including Office of the Secretary and Office of Management and Finance and a 20% Fee Increase

The following table compares the amount collected in fees per media in FY 2002 with a 20% increase compared to the actual costs of administering the program. The costs of the programs includes the expenses of the Office of the Secretary (\$4.2 M) and the Office of Management and Finance (\$16.1 M)

Media	Collected	COST OF PROGRAM	Difference
Water	14,559,178	19,583,640	-5,024,461
Air	13,471,081	19,834,662	-6,363,581
Radiation	3,341,631	2,795,447	546,184
UST	889,502	4,072,759	-3,183,258
Solid Waste	3,565,112	3,744,491	-179,380
Hazardous Waste	4,469,637	7,432,699	-2,963,062
Groundwater	2,358,130	2,192,850	165,280

Cost Comparison Without Office of the Secretary and Office of Management and Finance and a 20% Fee Increase

The following table compares the amount collected in fees per media in FY 2002 with a 20% increase compared to the actual costs of administering the program. The costs of the programs excludes the expenses of the Office of the Secretary (\$4.2 M) and the Office of Management and Finance (\$16.1 M)

Media	Collected	COST OF PROGRAM	Difference
Water	14,559,178	13,438,531	1,120,647
Air	13,471,081	13,610,786	-139,705
Radiation	3,341,631	1,918,269	1,423,361
UST	889,502	2,794,777	-1,905,275
Solid Waste	3,565,112	2,569,516	995,596
Hazardous Waste	4,469,637	5,100,408	-630,771
Groundwater	2,358,130	1,504,760	853,370

LIST OF ISSUES
Issue No. F-10 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Reduce or eliminate fees based on emissions.
STATEMENT OF THE ISSUE:
There are two fees (TEDI and Criteria Pollutant) that are based on actual amounts released. With decreased releases, there is a drop in revenues. While reduction of releases is desirable, there remains program costs at DEQ that are not reduced in the same proportion. fees.
RECOMMENDATIONS:
<i>The DEQ should amend their fee schedule to reduce, if not eliminate, the reliance on fees based on dollars per emission unit released.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

DEQ has two fees (TEDI and Criteria Pollutant) that are based on actual amounts released. With a decrease in the amount of release, the department realizes a proportional decrease in revenue. In FY 2001-2000, the department collected \$6.2 million dollars in fees associated with the TEDI and Criteria Pollutant programs. In FY 2001-2002, that number dropped to \$5.2 million dollars

LIST OF ISSUES
Issue No. F-11 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Contract laboratory services to the extent practicable.
STATEMENT OF THE ISSUE:
Lab services may be provided by DEQ-approved contract labs in a cost-effective and more responsive manner that will not compromise data quality or integrity.
RECOMMENDATIONS:
<i>DEQ should consider the increased use of contracted lab services, reducing lab costs while maintaining critical and cost effective lab services and oversight capability.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

For Fiscal Year 2002 - 2003, DEQ was budgeted as follows for the Laboratory Program:

Administrative Program (includes contracts)	\$1,985,793
LELAP Program	\$339,444
General Chemistry Program	\$1,534,593
Air Program	\$811,602
Radiation Program	\$102,999
Field Air (PAMS Network)	\$197,407
Total	\$4,971,838

Estimates to outsource these programs are as follows

Administrative Program	\$1,235,515
LELAP Program (Should not be outsourced)	NA
General Chemistry Program	676,117.50
Air Program	\$1,415,740
Radiation Program	\$62,971
Field Air (PAMS Network)	\$300,000
Total	\$4,029,787

It makes since to not outsource those aspects that will cost more to outsource, as such a combination would be recommended as follows

	Outsource	In-house	Total
Administrative Program	\$1,235,515	\$250,000	\$1,485,515
LELAP Program	\$0	\$339,444	\$339,444
General Chemistry Program	\$676,118	\$0	\$676,118
Air Program	\$0	\$811,602	\$811,602
Radiation Program	\$62,971	\$0	\$62,971
Field Air (PAMS Network)	\$0	\$197,407	\$197,407
	\$1,974,603	\$1,598,453	\$3,573,056

As such, there is a potential to save \$1.4 million dollars.

LIST OF ISSUES
Issue No. F-12 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Credit card usage for payment of fees and other assessments.
STATEMENT OF THE ISSUE:
DEQ should allow the use of credit cards for payment of fees, penalties, and other assessments beginning in CY 2003. A surcharge of 2% should be assessed to cover credit card fees.
RECOMMENDATIONS:
<i>Implement use of credit cards for payment of fees, penalties, and other assessments beginning calendar year 2003 and charging a surcharge (estimated to be 2 percent) to cover credit card fees.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
Yes. This will improve efficiency and timeliness of fee collection.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

LIST OF ISSUES
Issue No. F-13 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Support the return of the drinking water revolving loan program to the Department of Health & Hospitals.
STATEMENT OF THE ISSUE:
No further comment.
RECOMMENDATIONS:
<i>Transfer the drinking water revolving loan program administration to the DHH.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. This program is more consistent with the mission of the DHH.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

The accounting part of this program was assigned to LDEQ in 1998 based solely on the fact that DEQ had a similar accounting system in place for the Municipal Facilities Revolving Loan Program. DEQ does not have any input into the allocation of these funds nor the technical adequacy of proposals. This shift would save the department approximately 1 FTE to be allocated elsewhere.

ISSUE NO. F-14 WILL NOT BE INCLUDED IN DRAFT REPORT.

LIST OF ISSUES
Issue No. F-15 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Collect penalties for late and delinquent fees.
STATEMENT OF THE ISSUE:
DEQ is working on a process that will be ready by July 1, 2003. This should be monitored and completed.
RECOMMENDATIONS:
<i>Establish a process to invoice monthly late fees on delinquent fees. THIS WILL BE ACCOMPLISHED BY JULY 1, 2003.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

Due to inadequate systems, the department was not able to assess or collect late fees on delinquent fees. However, with the new TEMPO system in place, DEQ has the ability to do so and will begin implementation during the FY 2003 – 2004 billing cycle.

LIST OF ISSUES
Issue No. F-16 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Contingency plans for budget shortfalls.
STATEMENT OF THE ISSUE:
Should some or all of these recommendations not be adopted the DEQ should prepare reasonable plans for programs to be re-focused or eliminated in a manner that preserves the ability to meet its mission.
RECOMMENDATIONS:
<i>The DEQ should prepare contingency plans for programs to be re-focused or eliminated should all or portions of these recommendations not be adopted.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.
COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

LIST OF ISSUES
Issue No. F-17 Submitted by Funding Sub-Committee
TITLE OF ISSUE:
Seek additional Federal funding of mandated programs.
STATEMENT OF THE ISSUE:
DEQ currently receives approximately \$10.9 million per year in Federal grants to fund operational costs. This allotment for each State is based on population and does not take into consideration the concentration and type of industry in the State nor the potential environmental impacts of the regulated community.
RECOMMENDATIONS:
<i>The governor and the state legislature should petition the President, the Administrator of the Environmental Protection Agency, and the Louisiana Congressional delegation to change the method of determining the amount of federal funds transferred to the state to carry out existing federal programs. These programs should be based on potential environmental impact and regulatory need rather than population. Furthermore, Louisiana-based groups representing citizens, environmental causes, or industry sectors should also contact the Congressional delegation and also nationally-based associations regarding the need for additional federal funding.</i>
IMPACT ON EFFECTIVENESS: YES NO IF YES, WHY?
Yes. No action will result in the reduction or elimination of DEQ activities needed to support its mission statement.
IMPACT ON EFFICIENCY: YES NO IF YES, WHY?
No impact on efficiency is anticipated.
WHICH OF THE LEGISLATIVE AUDITOR'S SEVEN AUDIT RESULTS DOES IT ADDRESS?
N/A. This issue addresses paragraphs 2.a and 2.c in Executive Order MJF 2002-012.
WHICH DEQ PROGRAM DOES IT IMPACT? OFFICE DIVISION:
This could affect all areas of DEQ.

COST/BENEFIT ON PROGRAM(S) IN EXCESS OF FEDERAL PROGRAM?
N/A.

DEQ currently receives about \$10.9 million dollars a year in federal grants to fund operational costs. This represents about 7.5 % of the departments budget. The allotment for each state is based on population and does not take into consideration the concentration of industry in a state nor the amount of land, water, or air impacted.

Regular Session, 2003

HOUSE CONCURRENT RESOLUTION NO.

BY REPRESENTATIVE

ENVIRONMENT: Urges and requests the United States Congress, President, and the administrator of EPA to support legislation and policies to increase funding of state environmental agencies and for the equitable distribution of those funds

A CONCURRENT RESOLUTION

To urge and request the United State Congress, President, and the Administrator of the Environmental Protection Agency (EPA) to support legislation and policies to increase the funding of state environmental agencies and for the equitable distribution of those funds based on concentration, type, and potential environmental impacts of industries within a state.

WHEREAS, EPA provided forty-one percent of all the state's environmental programs in 1986;

WHEREAS, by 2000 the amount of federal funding to the state's environmental programs had dropped to twenty-four percent and continues to decline;

WHEREAS, while financial support from the federal government decrease, the amount of federal requirements and mandates on the state's programs are ever increasing;

WHEREAS, current federal funding to the Louisiana Department of Environmental Quality is at a low ten million nine hundred thousand dollars, which constitutes only seven and one-half percent of the department's total budget;

WHEREAS, the current formula for allotting federal funds to the states is based solely on population and does not take into consideration the concentration or type of industry within a state or the environmental impacts of those industries;

WHEREAS, this formula does not adequately protect the citizens of the United States from adverse environmental impacts by not insuring proper funding to state agencies to monitor and conduct oversight on industries that may have potential grave environmental impacts.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the United State Congress, the President of the United States of America, and the Administrator of the Environmental Protection Agency (EPA) to support legislation and policies to increase the funding of state environmental agencies and for the equitable distribution of those funds based on concentration, type, and potential environmental impacts of industries within a state.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the presiding officers of the Senate and the House of Representatives of the

Congress of the United States of America, to each member of the Louisiana congressional delegation, to the President of the United States of America, and to the Administrator of the Environmental Protection Agency.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

HCR No.

Urges and requests the United States Congress, President, and the administrator of EPA to support legislation and policies to increase funding of state environmental agencies and for the equitable distribution of those funds.

A List of State Requirements that Exceed Federal Requirements

The full Task Force and DEQ Staff did not have time to adequately digest the information provided or to make substantive recommendations regarding those programs deemed to exceed federal requirements. The list was presented at the January 23, 2003, and reviewed at the February 6, 2003, and the February 20, 2003, Task Force meetings. **This is not a comprehensive list . The inclusion of this list as an addendum in the final report does not imply that the Task Force is making a recommendation for any action.**

Requirement Title:

“IT Questions” for major permit actions

Requirement Description:

All “major” permit applications to DEQ require an analysis of the “IT Questions” to determine the impact of the facility on the community.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative, Judicial

Current Funding Source for Requirement:

Included in permit application fees

Requirement Title:

Annual inspection of all permitted facilities

Requirement Description:

LRS 30:2012.D. requires the DEQ to inspect all permitted facilities on an annual basis.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative

Current Funding Source for Requirement:

Facility annual fees

Requirement Title:

Facility ownership change permitting requirements

Requirement Description:

LRS 30:2014.2. requires the DEQ to assess the qualifications of persons seeking to obtain an ownership change in a permit.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative

Current Funding Source for Requirement:

Included in permit name/ownership change application fee

Requirement Title:

Groundwater Certification Policy

Requirement Description:

Permit applications involving the construction of significant new structures require an analysis for pre-existing soil and groundwater contamination to ensure construction will not impede future remediation and/or potentially contaminate groundwater.

Requirement Source: (Legislative, Regulatory, Judicial)

Regulatory policy

Current Funding Source for Requirement:

No current source

Requirement Title:

Minor Source Air Permitting

Requirement Description:

LRS 30:2054.B.(2)(a) requires the DEQ to establish permitting for “all” sources of air contaminants in Louisiana unless prohibited by specific regulations.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative, Regulatory

Current Funding Source for Requirement:

Included in permit application fees

Requirement Title:

Naturally Occurring Radioactive Materials (NORM)

Requirement Description:

The DEQ has established a program for the management and disposal of materials (mostly oil and gas production wastes) contaminated with NORM.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative, Regulatory

Current Funding Source for Requirement:

DEQ currently has a fee schedule.

Requirement Title:

Stormwater Runoff Pollution Prevention Plans

Requirement Description:

EPA requires all water discharge permitted facilities to prepare and maintain onsite a stormwater runoff pollution prevention plan. DEQ requires these plans be submitted as part of some permit application forms.

Requirement Source: (Legislative, Regulatory, Judicial)

Policy

Current Funding Source for Requirement:

Permit application fees

Requirement Title:

Spill Prevention and Control (SPC) Requirements

Requirement Description:

The DEQ water regulations mandate SPC requirements for regulated facilities. EPA adopted new rules on July 17, 2002.

Requirement Source: (Legislative, Regulatory, Judicial)

Regulatory

Current Funding Source for Requirement:

Water and maintenance fees

Requirement Title:

Louisiana Solid Waste Regulations

Requirement Description:

EPA has adopted solid waste regulations only for municipal waste landfills. DEQ has adopted comprehensive regulations for both municipal solid waste facilities and industrial solid waste generators and facilities, including impoundments.

Requirement Source: (Legislative, Regulatory, Judicial)

Regulatory

Current Funding Source for Requirement:

Permit application and annual disposal fees.

Requirement Title:

Hazardous Waste Generator Training and Prevention

Requirement Description:

DEQ rules require hazardous waste generators to provide personnel training and to develop waste preparedness, prevention and contingency plans.

Requirement Source: (Legislative, Regulatory, Judicial)

Regulatory

Current Funding Source for Requirement:

Annual maintenance fees

Requirement Title:

Hazardous Waste Annual Reporting

Requirement Description:

DEQ regulations require hazardous waste generators and disposal facilities submit annual reports for hazardous waste generation and receipt. EPA rules require the report biennially for the previous year's waste.

Requirement Source: (Legislative, Regulatory, Judicial)

Regulatory

Current Funding Source for Requirement:

Annual maintenance fees

Requirement Title:

Louisiana Toxic Air Pollutant Regulations

Requirement Description:

The Louisiana Toxic Air Pollutant Control Program Law was enacted prior to the Clean Air Act amendments of 1990 which established the framework for the federal program. R.S. 30:2060 required the DEQ to designate air toxic pollutants, establish technical control standards, compile an emissions inventory and collect fees to cover the cost of the program.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative/Regulatory

Current Funding Source for Requirement:

Toxic Air Pollutant Fee Schedule

Requirement Title:

Hazardous Waste Storage Limitation

Requirement Description:

The hazardous waste regulations for both the DEQ and EPA allow treatment, storage and disposal facilities to store hazardous wastes for up to one year. The DEQ will allow storage over one year only with prior DEQ approval (LAC 33:V.2205.C.). The EPA regulations will allow storage without pre-approval but the owner/operator must justify that this was proper if challenged by EPA.

Requirement Source: (Legislative, Regulatory, Judicial)

Regulatory

Current Funding Source for Requirement:

No clear funding source

Requirement Title:

Risk Evaluation Corrective Action Program (RECAP)

Requirement Description:

The DEQ has established a RECAP program to address the remediation of existing contaminated sites and the response to and remediation of new spills.

Requirement Source: (Legislative, Regulatory, Judicial)

Legislative

Current Funding Source for Requirement:

RECAP plan review fee.

Task Force Member Representatives

Altiero	Nick	At-Large
Bickham, III	Thomas C.	LA Department of Environmental Quality
Bond	Brian	LA Electric Utility Association
Bourgeois	Carroll P.	LA Municipal Association
Brandt	James C.	Public Affairs Research Council
Burroughs	David	At-Large
Cain	James David	Senate Committee on Environmental Quality
Damico	N. J.	House Environmental Committee
Dodds	Barbara	League of Women Voters of Louisiana
Durrett	Richard	LA Police Jury Association
Fontenot	Heulette "Clo"	Louisiana Senate
Graham	David	LA Chemical Association
Guidry	George	Governor's Task Force on Environmental Protection and Preservation
Harrell	Ron	LA Farm Bureau Association
Jarrell	Melanie	LA Independent Oil and Gas Association
Kyle	Dan	Legislative Auditor
Marchand	Jim	Governor
Martin	Richard	LA Nature Conservancy
Metcalf	Richard T.	Mid-Continent Oil and Gas Association
Miller	Paul	LA Association of Business and Industry
Orr	Marylee	LA Environmental Action Network
Perkins	Will	LA Pulp and Paper Association
Reilly	Sean	Council for a Better Louisiana, 344-2225
Stewart	Byron	At-Large
Taylor	Mike	Petro Chemical and Environmental Technology Cluster, Dept. of Economic Development
Vandersteen	C. A. "Buck"	LA Forestry Association
Wascom	Kathy	LA Wildlife Federation
Walker	Micah	Alliance for Affordable Energy
Wilkins	Jim	Coalition to Restore Coastal Louisiana
Wooton	Ernest	Louisiana House of Representatives